

QUESTIONS & ANSWERS

Threadneedle UK Property Authorised Investment Fund and its Feeder Fund (Threadneedle UK Property Authorised Trust) - reopening for dealing

1. Which funds will be reopening and from what date?

Columbia Threadneedle plans to lift the dealing suspension on the Threadneedle UK Property Authorised Investment Fund (Threadneedle PAIF) and its feeder fund, Threadneedle UK Property Authorised Trust (Feeder Fund). The Funds will resume dealing from 17 September 2020.

2. Why did you decide to suspend dealing?

- In March, our independent property valuer, CBRE, deployed a 'material uncertainty clause' which meant that it was unable to provide an appropriate level of certainty regarding the valuation of the fund's assets in the market environment.
- As a result, we suspended the Fund until such time that a more certain valuation could be ascertained. The decision was made with the aim of preventing any investors being disadvantaged by those redeeming or investing in the Fund at an uncertain price.
- This decision was taken in line with the FCA's upcoming rules which require a fund to suspend if more than 20% of assets cannot be accurately valued.

3. Why were the valuers not able to provide a valuation of the assets?

Due to Covid-19 and the resulting uncertainty on markets and economies, our independent valuers, CBRE, believed it was unable to value the assets of the fund with an appropriate level of certainty. Valuations typically rely on recent property sales, however market activity was impacted in many sectors. As a result, CBRE considered that it could attach less weight to previous market evidence for comparison purposes, to inform opinions of value and that the response to Covid-19 at the time meant that it was faced with an unprecedented set of circumstances on which to base a judgement.

4. When will I know how much my investment has returned over the period of suspension? / What price will the fund reopen at?

During the dealing suspension the Funds property assets continued to be valued monthly, however the valuations were subject to the material uncertainty clause. During the period of suspension, the daily NAV/Prices were provided for indicative purposes only. There will be a further valuation of the property assets, which will be free of the material uncertainty clause, before the fund reopens.

5. How much of the Fund's property assets remains under the material uncertainty clause?

None of the Fund's property assets remain under the material uncertainty clause

6. Can I redeem my investment when the Fund reopens?

Valid deal instructions will be accepted from 8.00 am on the 17th September and if received prior to cut-off, will be placed for that day's valuation point.

7. Were you charging fees whilst the fund was suspended?

Yes, as we continued to manage the Fund and its properties throughout the period of suspension, it continued to accrue fees, but they will not be paid to us until the fund reopens.

8. Why are you not opening the fund before 17 September?

This allows us to provide adequate notice and inform all clients ahead of the dealing suspension lifting, ensuring they are all treated fairly.

9. What is Columbia Threadneedle's view on commercial property?

- Despite the recent capital volatility experienced by the commercial property market over the past few months, the gross income yield of 5.2% offered by UK commercial property (MSCI UK Monthly Index, 30 June 2020) remains attractive to investors.
- Income is once again providing the core component of the total return in line with the long run average. Since 2000, 70% of the total return (MSCI UK Monthly index) has been provided by income, hence our investment philosophy centres on buying good quality assets let to sustainable tenants off sustainable rents.
- While short-term property returns turned negative during the first half of 2020, capital volatility is easing, and the longer-term case for property remains compelling on an income and portfolio diversification basis.

10. What is the current net cash balance in the fund?

The last published figure was 19% as at 28 August 2020

11. What is the AUM of the Fund?

The last published AUM was £1,019M as at 28 August 2020